

Message Text

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ACTION EUR-12

INFO OCT-01 IO-13 ISO-00 AGR-05 AID-05 CEA-01 CIAE-00
COME-00 EB-08 FRB-03 INR-10 NSAE-00 SP-02 STR-07
TRSE-00 LAB-04 SIL-01 OMB-01 /073 W
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R 191817Z JUN 78
FM AMEMBASSY BRUSSELS
TO SECSTATE WASHDC 7373
INFO ALL EC CAPITALS
USMISSION GENEVA

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USEEC

PASS AGRICULTURE ELECTRONICALLY
PARIS ALSO FOR USOECD
GENEVA ALSO FOR USMTN

E.O. 11652: N/A
TAGS: EAGR, EEC
SUBJ: EC PROCESSING SUBSIDIES FOR FRUIT AND VEGETABLES

REF: (A) BRUSSELS 11654; (B) BRUSSELS 9314

1. DESPITE US/EC TECHNICAL DISCUSSIONS ON JUNE 12 AND
US REPRESENTATIONS TO HOST GOVERNMENTS OF MEMBER STATES
CONCERNING THE SUBSIDY PROGRAM FOR PROCESSED FRUIT AND
VEGETABLES, MISSION LEARNED THAT JUNE 16 MANAGEMENT
COMMITTEE APPROVED SUBSIDIES AT LEVELS EVEN HIGHER THAN
THOSE PROPOSED EARLIER BY THE COMMISSION (REF B).
ACCORDING TO COMMISSION OFFICIALS, SUBSIDIES AND MINIMUM
PRICES TO BE PAID TO PRODUCERS FOR THE COMMODITIES
CONCERNED ARE:

MINIMUM PRICE

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COMMODITY-----SUBSIDY TO GROWERS
UA/MT

TOMATO CONCENTRATE	325.10	65.60
PEELED TOMATOES:		
SAN MARZANO	117.30	109.70
ROMA	93.10	82.80

TOMATO JUICE	70.50	68.40
DRIED PRUNES	293.40	105.60
CANNED PEACHES	180.50	236.80

2. THE SUBSIDY FOR DRIED PRUNES IS BASED ON 66 PRUNES PER 500 GRAMS WITH A MOISTURE CONTENT OF 21-23 PERCENT. ACCORDING TO WINDLE, DIRECTOR OF FRUIT AND VEGETABLE DIVISION, U.S. PRICE DATA, WHICH WE PROVIDED PER HIS REQUEST (PARA 9, REF A), WERE USEFUL, BUT WERE NOT TAKEN INTO CONSIDERATION WHEN SETTING SUBSIDY LEVEL FOR PRUNES BECAUSE U.S. PRICES WERE EVEN LOWER THAN THE REPRESENTATIVE PRICES WHICH WERE BEING USED. HE SAID THAT IF U.S. DATA HAD BEEN USED IN CALCULATING THE SUBSIDY, THE RESULT WOULD HAVE BEEN A SUBSIDY OF ABOUT 400-420 UA/MT. HE FINDS DIFFICULTY IN UNDERSTANDING WHY U.S. CIF PRICES WERE AT SUCH LOW LEVELS IN 1977. ASKED WHY MINIMUM GROWER PRICE FOR PEACHES WAS HIGHER THAN THE SUBSIDY, COMMISSION OFFICIALS POINTED OUT THAT THE SUBSIDY FOR THIS PRODUCT WAS ON A GROSS WEIGHT BASIS - I.E., WEIGHT OF THE CAN AND SYRUP IS INCLUDED.

3. WINDLE ALSO TOLD US THAT THE GREEN RATE WOULD BE USED TO CONVERT UNITS OF ACCOUNT INTO MEMBER STATES' NATIONAL CURRENCIES AS IS REQUIRED BY LAW FOR AGRICULTURAL PRICES. FRENCH AND ITALIAN GREEN RATES FOR THE 1978/79 MARKETING YEAR ARE AS FOLLOWS:
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-----1 U.A. 6.23 FRENCH FRANCS
----- 1154 ITALIAN LIRA

USING JUNE 16, 1978 SPOT RATES, THE PROCESSING SUBSIDY FOR PRUNES WOULD CONVERT TO \$397/M.T. IN FRANCE; THE SUBSIDY FOR CANNED PEACHES WOULD CONVERT TO \$242/M.T. IN ITALY. MORRIS

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